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**COMMERCIAL ALCOHOLS
LIMITED**

Twenty-second

**A N N U A L
R E P O R T**

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for the year ending

**MARCH THIRTY-FIRST
1945**

PURVIS HALL
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McGILL UNIVERSITY

COMMERCIAL ALCOHOLS LIMITED

DIRECTORS

THOS. ARNOLD, O.B.E., *Chairman*

C. G. KERTLAND, *President*

JOHN IRWIN, *Vice-President*

W. J. HENDERSON H. C. KERMAN

COMMANDER K. S. MACLACHLAN, O.B.E.

F. J. MANNING

Head Office:

3176 NOTRE DAME STREET EAST, MONTREAL

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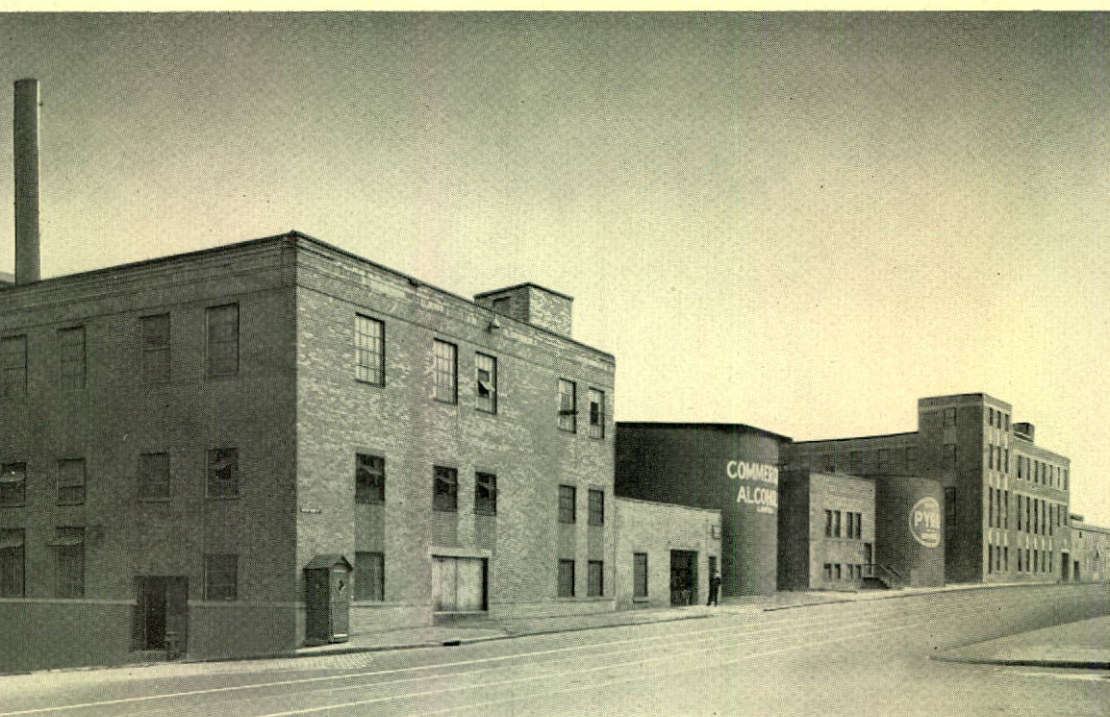
Transfer Agents:

EASTERN TRUST CO., MONTREAL, QUE.

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Auditors:

MCDONALD, CURRIE & CO.



COMMERCIAL ALCOHOLS LIMITED

Head Office and Plant:

3176 NOTRE DAME STREET EAST • MONTREAL

COMMERCIAL ALCOHOLS LIMITED

May 29th, 1945.

TO THE SHAREHOLDERS:

Your Directors submit herewith your Company's Twenty-second Annual Report together with Balance Sheet as at March 31, 1945, also Profit and Loss Account for the twelve-month period ending on that date.

The net operating profits for the year were \$234,218.74, and after deducting all charges and expenses of operations and management, making adequate provision for normal depreciation, and also providing a reserve for refund to Commodity Prices Stabilization Corporation Limited and Department of Munitions and Supply, and providing for Dominion Income tax, the net profits were \$63,959.44.

Of the amount of \$76,201.13 set up for reserve for refund to C.P.S.C. and the D. M. & S., approximately \$73,000 is returnable as repayment against assistance granted for the maintenance of ceiling prices. Financial assistance granted covers only a fraction of the increased costs, and is subject to refund if and to the extent that there are excess profits.

During the year dividends amounting to forty cents per share were paid on the Preferred shares of the Company, and dividends of twenty cents per share were paid on the Common shares. Total dividends paid amounted to \$60,103.00.

The value of the Company's inventory of finished products, raw materials and supplies, etc. as at March 31, 1945, was \$543,210.58, compared with the previous year of \$235,240.19. The increase in value of the inventory is due to the increasing amounts of spirits put into bonded warehouse for maturing.

The surplus account is reduced by \$14,349.22 for expenditures in respect to income tax and adjustment of subsidy for prior periods. The Company's accounts have been assessed up to March 31, 1944, by the Income Tax Department, and final notices of assessment received and payments made for the period up to March 31, 1942. The standard profits have been established and on the basis of information now available, any further liability for income tax has been fully provided for in the accounts.

Your Directors wish to record and to express their sincere regrets in the death of Mr. Lawrence Macfarlane, K.C., one of your Directors. Mr. Macfarlane was one of the original shareholders of your Company. He had always acted as your Company's legal adviser, and joined the Board in 1943.

Commander K. S. MacLachlan, O.B.E., was elected a Director of your Company at a meeting of the Directors held May 28, 1945. Commander MacLachlan is President of the Standard Chemical Company Limited, who are Sales Agents for your Company. He brings to our Board a vast fund of business experience, and we are sure he will be of great assistance to your Company.

Eastern Distilleries Limited, a wholly owned subsidiary, was incorporated in 1927 for the purpose of bottling and distributing beverage alcohol. This subsidiary company was inactive from 1937, when the investment therein was written off the books, until last year. During the past year operations were resumed in the Eastern Distilleries Limited to deal with the requests which have lately been received for supplies of beverage spirits. Net profits of Eastern Distilleries Limited for the past year, all arising from transactions in beverage spirits, amount to less than \$5,000.00 after providing for all expenses and taxes.

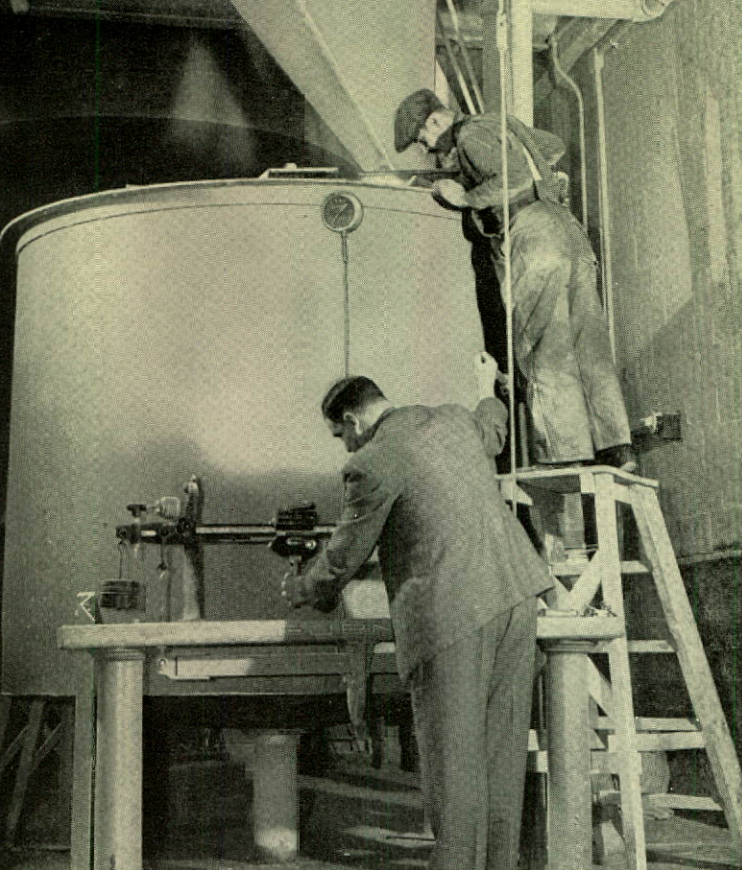
Your Company's operations and sales during the year under review were very satisfactory, and plants are operating at full capacity. The Company's buildings and equipment have been well maintained and are in good condition.

Your Directors wish to express their appreciation of the faithful and efficient services rendered by the staff and employees.

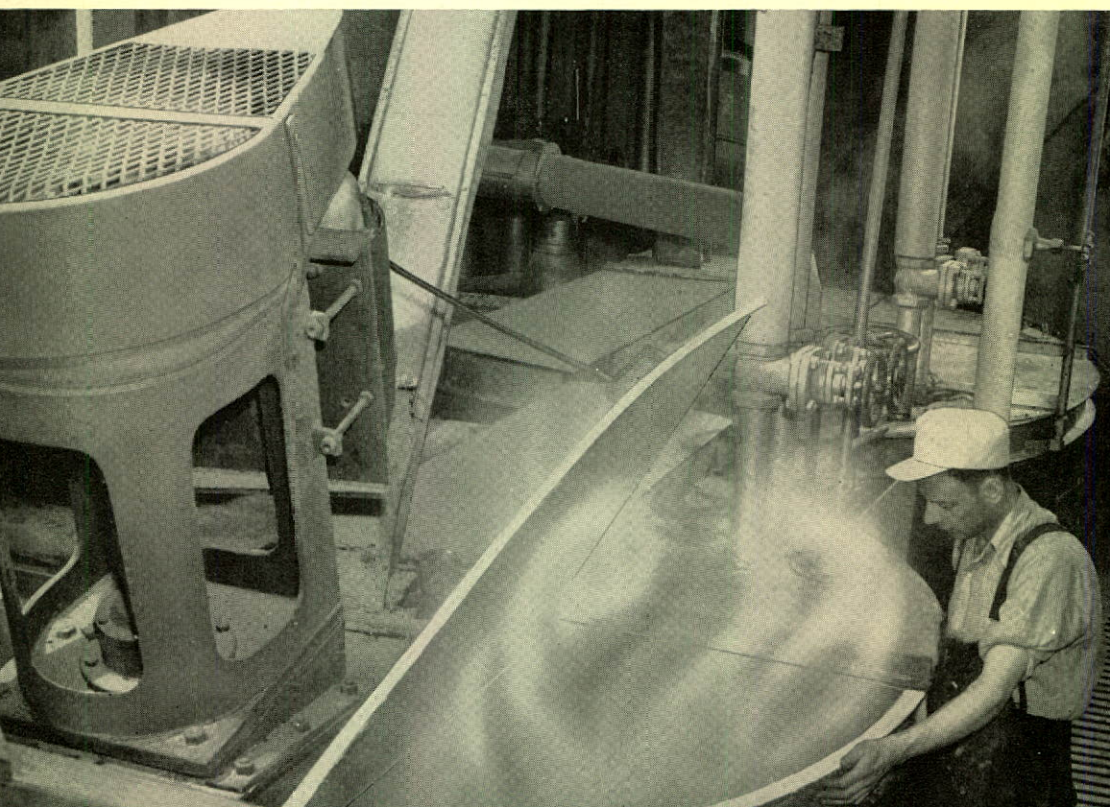
Respectfully submitted,

On behalf of the Board,

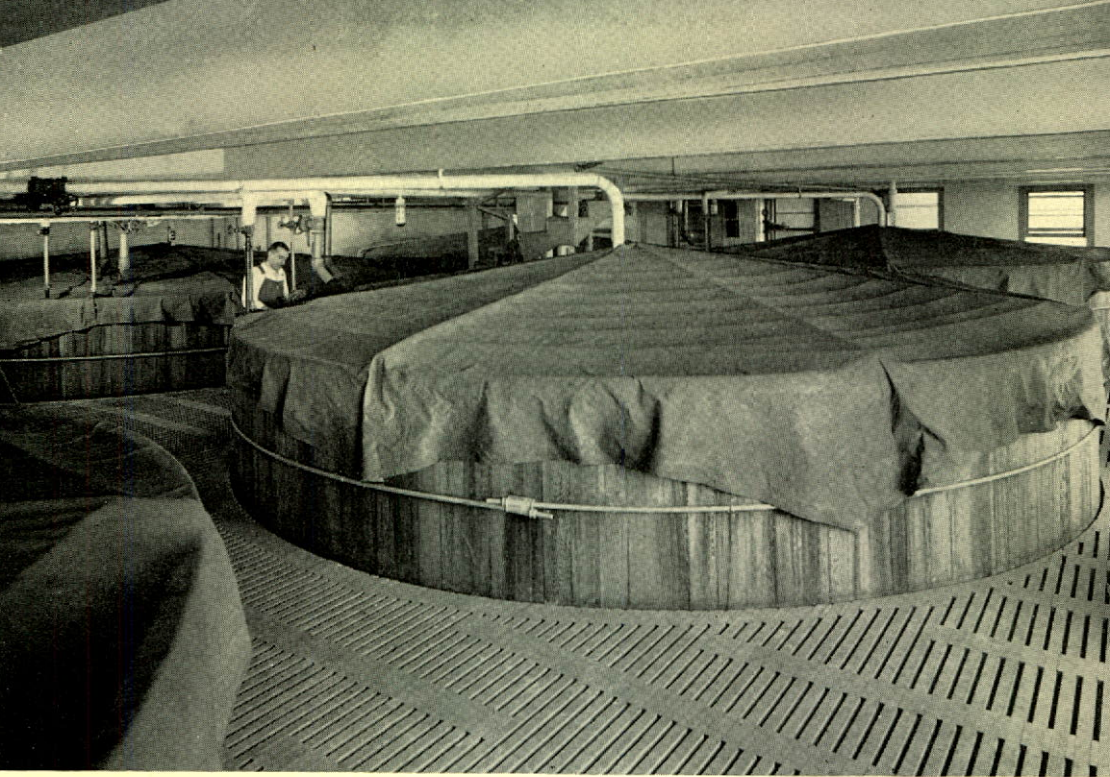
C. G. KERTLAND,
President.



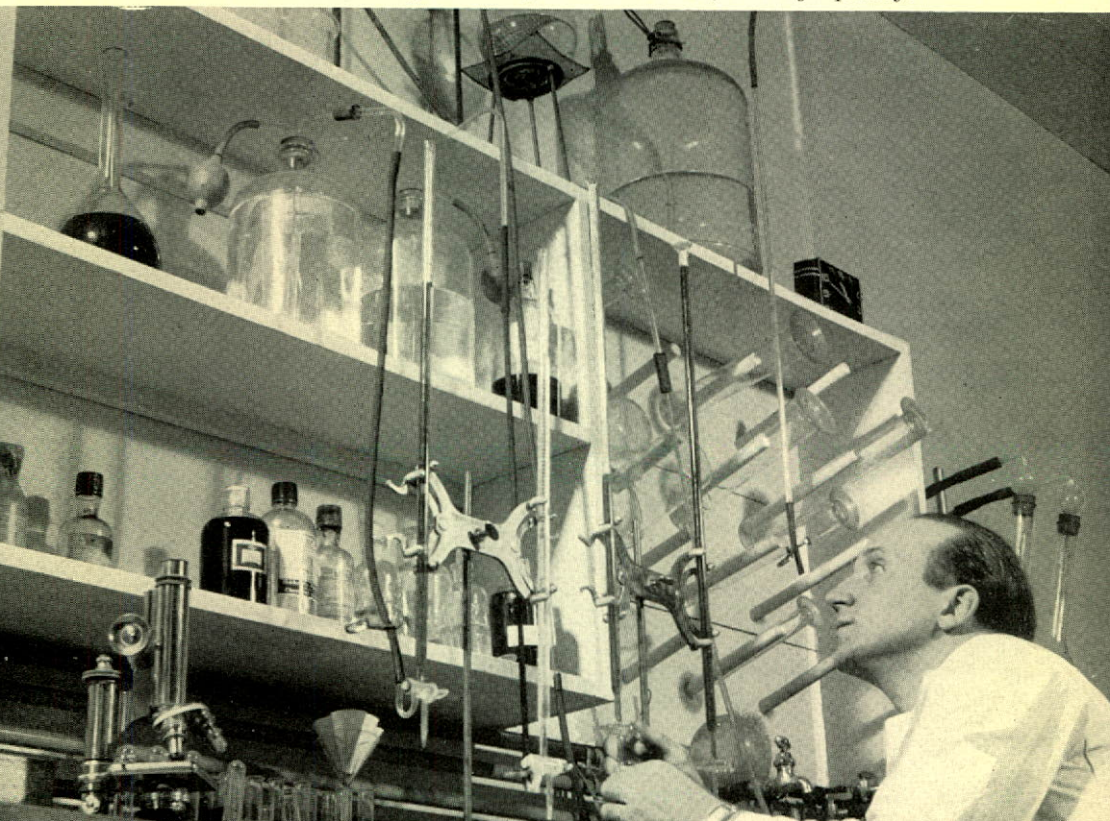
A Government Inspector tests and weighs the malt.



BELOW: One of the giant cookers.



*The upper section of the huge 33,000-gallon fermentation tubs.
Continuous testing and analysis assure a uniform high quality.*



COMMERCIAL AL

Balance Sheet as at

ASSETS

CURRENT ASSETS:

Cash.....	\$ 18,917.70	
Accounts receivable—less reserve.....	67,511.31	
Inventories—		
Spirits in maturing warehouses, quantities determined from warehouse records, and valued at cost.....	208,878.43	
Finished products, raw materials and supplies, quantities determined by actual count, weight or measurement and valued at cost.....	247,894.14	
	<u>\$543,201.58</u>	
Containers on hand.....	16,748.55	\$ 559,950.13

PREPAID EXPENSES..... 15,945.41

FIXED ASSETS—at cost:

Land.....	\$ 6,170.76	
Buildings, plant and equipment.....	707,647.77	713,818.53

RIGHTS AND CONTRACTS..... 113,792.09

APPROVED ON BEHALF OF THE BOARD:

THOMAS ARNOLD }
C. GORDON KERTLAND } *Directors.*

\$1,403,506.16

AUDITORS' REPORT TO

We have examined the books and accounts of Commercial Alcohols Limited and the explanations which we have required.

In accordance with section 114 of the Dominion Companies Act, we report that the accounts have not been included in the accounts of Commercial Alcohols Limited.

In our opinion, the above balance sheet and the attached general statement of affairs as to exhibit a true and correct view of the state of the company's affairs and the explanations given to us and as shown by the books of the company.

Montreal, 29th May, 1945.

OHOLS LIMITED

31st March, 1945

LIABILITIES

CURRENT LIABILITIES:

Bank loan	\$100,000.00	
Accounts payable and accrued charges	129,262.42	
Taxes payable—other than income taxes	932.16	
Reserve for income and excess profits taxes	14,354.13	
Dividend payable on preferred shares	5,000.00	
Dividend payable on common shares	10,025.75	\$ 259,574.46

RESERVE FOR DEPRECIATION OF FIXED ASSETS 525,337.58

CAPITAL STOCK AND SURPLUS:

Preferred Stock—

Authorized, issued and fully paid—

50,000 8% cumulative, convertible, redeemable shares of \$5.00 each \$250,000.00

Common Stock

Authorized—

400,000 shares without nominal or par value

Issued and fully paid—

200,515 shares 190,837.00

Earned Surplus—

as per attached statement 177,757.12 618,594.12

CONTINGENT LIABILITY—in respect of containers in hands of customers if returned within ninety days of shipping date.

\$1,403,506.16

THE SHAREHOLDERS

For the year ended 31st March, 1945, and we have obtained all the information and the net profits of Eastern Distilleries Limited, a wholly owned subsidiary company, income and expenditure and statement of earned surplus are properly drawn up so results of the operations for the year, according to the best of our information and

(Signed) McDONALD, CURRIE & CO.,
Chartered Accountants.

COMMERCIAL ALCOHOLS LIMITED

GENERAL STATEMENT OF INCOME AND EXPENDITURE

For The Year Ended 31st March, 1945

NET OPERATING PROFIT—before the following deductions.....		\$234,218.74
Reserve for refunds to Commodity Prices Stabilization Corporation Limited and Department of Munitions and Supply.....	\$ 76,201.13	
Salaries and fees paid to executive officers.....	23,160.00	
Fees paid to other directors.....	2,710.00	
Legal fees.....	1,566.60	103,637.73
		\$130,581.01
Provision for depreciation.....		22,315.29
		\$108,265.72
Provision for income and excess profits taxes.....		44,306.28
NET PROFIT.....		<u>\$ 63,959.44</u>

STATEMENT OF EARNED SURPLUS

For The Year Ended 31st March, 1945

BALANCE AT CREDIT—31st March, 1944.....		\$188,249.90
ADD: Net profit.....		63,959.44
		\$252,209.34
DEDUCT: Preferred dividends paid and payable.....	\$20,000.00	
Common dividends paid and payable.....	40,103.00	
	\$ 60,103.00	
Adjustments applicable to prior periods....	14,349.22	74,452.22
BALANCE AT CREDIT—31st March, 1945.....		<u>\$177,757.12</u>

COMMERCIAL ALCOHOLS LIMITED

COMPARATIVE STATEMENT OF INCOME AND SURPLUS ACCOUNT

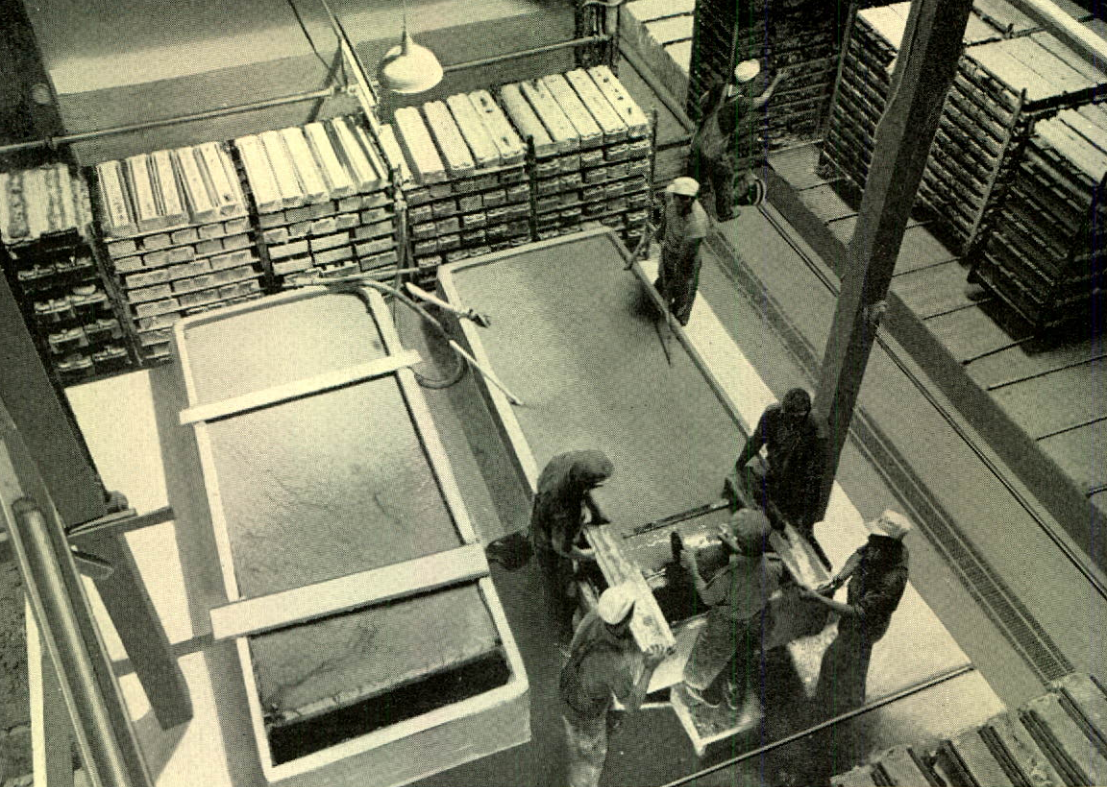
For The Years Ended 31st March

	1945	1944	1943
NET OPERATING PROFIT.....	\$234,218.74	\$390,699.22	\$196,038.63
LESS: Reserve for refunds to Commodity Prices Stabilization Corporation Limited and Department of Munitions and Supply	76,201.13	25,047.07	4,876.15
Executive salaries and fees....	23,160.00	15,300.00	15,300.01
Directors' fees.....	2,710.00	3,740.00	3,775.00
Legal fees.....	1,566.60	179.55	40.00
Depreciation.....	22,315.29	249,982.22	43,426.79
Income Taxes.....	44,306.28	38,680.15	64,920.12
	<u>\$170,259.30</u>	<u>\$332,928.99</u>	<u>\$132,338.07</u>
NET PROFIT.....	\$ 63,959.44	\$ 57,770.23	\$ 63,700.56
LESS: Preferred Dividends.....	20,000.00	20,000.00	20,000.00
	<u>\$ 43,959.44</u>	<u>\$ 37,770.23</u>	<u>\$ 43,700.56</u>
LESS: Common Dividends.....	40,103.00	40,103.00	40,103.00
	<u>\$ 3,856.44</u>	<u>\$ 2,332.77</u>	<u>\$ 3,597.56</u>
ADD: Previous surplus.....	188,249.90	190,582.67	186,985.11
Adjustment—prior periods....	14,349.22	—	—
EARNED SURPLUS.....	<u>\$177,757.12</u>	<u>\$188,249.90</u>	<u>\$190,582.67</u>
FIXED ASSETS			
LESS: Reserve for depreciation.....	\$188,480.95	\$177,140.48	\$402,908.15

COMPARATIVE STATEMENT OF WORKING CAPITAL

For The Years Ended 31st March

	1945	1944	1943
CURRENT ASSETS.....	\$559,950.13	\$599,192.01	\$348,183.31
CURRENT LIABILITIES.....	<u>259,574.46</u>	<u>271,214.86</u>	<u>242,621.27</u>
WORKING CAPITAL.....	<u>\$300,375.67</u>	<u>\$327,977.15</u>	<u>\$105,562.04</u>



Two of a battery of mixing tanks. A truckload of moulds leaving the baking ovens.

A carload for the West Coast.

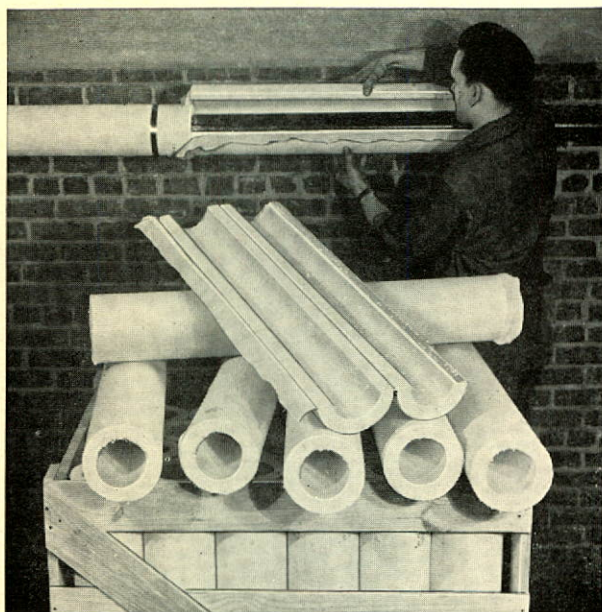


COMMERCIAL ALCOHOLS LIMITED

85% Magnesia

THE EFFICIENT INSULATION

for POWER PLANTS • BOILERS • TURBINES
STILLS *and* CONDUITS



IN ALL STANDARD SHAPES AND SIZES

Produced in the form of
PIPE COVERING • BLOCKS
SEGMENTS • CEMENT

**PURCHASE YOUR
COMPANY'S PRODUCTS**



U.S. PAT. 2,038,988

CAN. PAT. 360,963

*Super-Pyro has been used
in over 30,000,000 cars with
satisfaction, in Canada and
United States.*

